

MASSACHUSETTS

# Workforce Investment Act

STEERING COMMITTEE

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**WIA Communication No. 00-59**

☒ **Policy**   ☐ **Information**

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**To:** Chief Elected Officials  
Workforce Investment Board Chairs  
Workforce Investment Board Directors  
Title I Administrators  
Title I Fiscal Officers  
Career Center Directors  
DET Regional Directors  
DET Area Directors

**cc:** WIA State Partners

**From:** Angelo Buonopane, Director  
Department of Labor and Workforce Development

**Date:** December 22, 2000

**Subject:** Funds of Last Resort

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**Purpose:** To set forth guidelines on the use of WIA training funds as funds of last resort.

**Background:** The U.S. Department of Labor, Employment and Training Administration, issued an Interim Rule for the Workforce Investment Act in the Federal Register on Thursday, April 14, 1999 [20 CFR Part 652, et al.].

The Regulations at §662.100, describe the One-Stop system as a seamless system of service delivery that is created through the collaboration of entities responsible for separate workforce development streams. The One-Stop system is designed to enhance access to services and improve outcomes for individuals seeking assistance. This Regulation specifically defines the system as consisting of one or more comprehensive, physical One-Stop centers in a local area that provides the core services specified in WIA Section 134 (d) (2) and that provide access to the other activities and programs provided under WIA and by each One-Stop partner. Section 134 (c) of WIA requires that core services be provided, at a minimum, at one comprehensive

physical center. To avoid duplication of services traditionally provided under the Wagner-Peyser Act, this requirement is limited to those applicable core services that are in addition to the basic labor exchange services traditionally provided in the local area under the Wagner-Peyser Program. The Regulations at §§663.150 to 663.165 discuss the core services that must be made available in each local area through the One-Stop system.

The regulation at §663.200 discusses intensive services. Intensive services are intended to identify obstacles to employment through a comprehensive assessment or individual employment plan in order to determine specific services needed, such as counseling and career planning, referrals to community services, and, if appropriate, referrals to training.

Each local area and direct recipient of funds under Title I of WIA must establish and maintain a procedure for limiting the use of WIA funds for training services to instances when there is no other grant assistance available or inadequate grant assistance from other sources available to pay those costs.

**Policy:** The Commonwealth's WIA policy for limiting the use of WIA funds for training services is specified herein. The limited use of WIA funds for training services policy shall apply to all Massachusetts Local Area Workforce Investment recipients of WIA Title I funds.

Any provisions contained in the Workforce Investment Act Regulations, or other applicable laws and regulations shall apply, even if they are not explicitly stated in this policy. Nothing in this policy shall be construed to contradict prevailing laws and requirements for limited use of WIA funds for training services or equal opportunity matters.

**Action Required:** This Policy is in effect for all Workforce Investment Act funds provided by CBWL. All Local Workforce Investment Boards must develop their own internal limited use of WIA funds for training services policy in compliance with this policy. Please distribute copies of this policy to all appropriate individuals in your organization.

**Effective:** Effective for all Workforce Investment Act funds provided by the Corporation for Business, Work, and Learning.

**References:** 20 CFR Part 652, Subpart C, 663.320.

**Inquiries:** Questions related to this policy should be directed to Kim McLaughlin at (617) 727-65738 extension 104.

**Filing:** Please file this in your notebook of previously issued WIA Communication Series Issuances as #00-59.

## **WIA REQUIREMENTS WHEN OTHER GRANT ASSISTANCE IS AVAILABLE TO PARTICIPANTS**

### **TYPE OF FUNDS COVERED BY THIS POLICY**

This policy specifically requires that WIA funds not be used to pay for the costs of training when Pell Grant funds or grant assistance from other non-WIA sources are available to pay the costs. WIA funds supplement other sources of training grants. WIA funding for training is limited to participants who are unable to obtain grant assistance from other sources to pay the costs of their training; or those who require assistance beyond that grant assistance available from other sources to pay the costs of such training. Examples of other assistance include, but are not limited to: Pell Grants, Trade Readjustment Assistance, stipends from the employer or union, self-payments, scholarships, fellowships, and no-cost programs.

### **REQUIREMENT FOR THE COORDINATION OF TRAINING COSTS**

Program operators and training providers are required to coordinate by entering into arrangements with the entities administering the alternate sources of funds, including eligible providers administering Pell Grants. These entities should consider all available sources of funds, excluding loans, in determining an individual's overall need for funds.

A WIA participant may enroll in WIA-funded training while his/her application for a Pell Grant is pending as long as the One-Stop operator has made arrangements with the training provider and the WIA participant regarding allocation of the Pell Grant. Reimbursement is not required from the portion of Pell Grant assistance disbursed to the WIA participant for education-related expenses. (WIA Section 134 (d) (4) (B).)

### **FOCUS ON THE NEEDS OF THE PARTICIPANT**

Reducing the amount of WIA funds by the amount of Pell Grant funds is not permitted. Participation in a training program under WIA may not be conditioned on applying for or using a loan to help finance training costs.

The Pell Grant is a portable grant for which preliminary eligibility can, and should, be determined before the participant enrolls in a particular school or training program. The application for determining eligibility and ultimately the amount of the grant, should be readily available at all One-Stop Centers for assistance in the completion of these "gateway" financial aid applications.

Section 663.320 permits a WIA participant to enroll in a training program with WIA funds while an application for Pell Grant funds is pending, but requires that the local workforce investment area be reimbursed for the amount of the Pell Grant used for training if the application is approved. Since Pell Grants are intended to provide for both tuition and other education-related costs, the Rule also clarifies that only the portion provided for tuition is subject to reimbursement.

## **CONTRACTS MAY BE USED IN LIMITED CASES**

The Act reforms the local service delivery system by eliminating the current practice of assigning participants to contracted training services and instead establishing a system that maximizes customer choice in the selection of training providers. When the Local Board determines there are an insufficient number of eligible providers in the local area to accomplish the purposes of a system of ITAs, and intends to use contracts for services, there must be at least a 30 day public comment period for interested providers. In the limited cases where contracts are used rather than ITAs, the contracts negotiated by the One-Stop center must prohibit training institutions or organizations from holding the student liable for outstanding charges. Also, the U.S. Department of Education prohibits the practice of withholding Pell Grants from students.

Contracts for training are also authorized when the Local Board determines that there are special populations that face multiple barriers to employment, as identified in §663.430 (b), and that there is a training services program of demonstrated effectiveness offered by an eligible provider. This exception is intended to meet special needs and should be used infrequently. Those training providers operating under the ITA exceptions still must qualify as eligible providers, as required at §663.505.

## **CRITERIA FOR DEMONSTRATED EFFECTIVENESS**

The Regulation at §663.430 (a) (3) provides that when the exception for special populations is used, the Local Board must apply criteria it develops to determine “demonstrated effectiveness,” particularly as it applies to the special participant population it proposes to serve. This determination is in addition to meeting the requirements for qualifying as an eligible training provider. The provisions in the regulation are illustrative and Local Boards should develop specific criteria applicable to their local areas.

## **TRADE ELIGIBLE DISLOCATED WORKERS**

Dislocated workers who are eligible for assistance under the Trade Act of 1974 must utilize Trade funds for training prior to being eligible to utilize training funds under the Workforce Investment Act. Participants who fail to obtain training under the Trade Act may lose their eligibility to access Unemployment Assistance.